

KREAB

Kentucky Real Estate Appraisers Board

Newsletter



January 2015

Winter Edition



www.kreab.ky.gov

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In Remembrance	

The Kentucky Real Estate Appraisers Board staff and Board members bid a fond farewell to Sam E. Blackburn, Lender Member and G. Herbert Pritchett, Appraiser Member.



Plaques in recognition of Mr. Blackburn's and Mr. Pritchett's valuable contributions were presented at the October 24th Board meeting.

Mr. Pritchett was attending the meeting remotely.



Kentucky Licensed/Certified Appraisers

Certified General	602
Certified Residential	766
Licensed Residential	15
Associate	202
Total Number	1585

Appraisal Management Companies

Total Number	116
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Meet our new Board Members



Dann Cann
Appraiser Member



Jeff Fultz
Lender Member

On January 15, 2015, Kentucky Governor Steven L. Beshear announced the following two appointments to the Kentucky Real Estate Appraisers Board.

Appraiser Member

Mr. Dann Cann of Leitchfield, Kentucky was appointed to a three year term to replace appraiser board member G. Herbert (Herb) Pritchett whose six year term expired in November 2014. Mr. Cann, whose term will end November 12, 2017, has been a Kentucky Certified General Real Property Appraiser since September 2009. He is a graduate of Western Kentucky University and holds the SRA and AI-RRS designations from the Appraisal Institute. Mr. Cann is active in various organizations and community services throughout Kentucky and his home community of Leitchfield, Grayson County, Kentucky. As one of two appraiser board members, Mr. Cann thanked Governor Beshear for appointing him to the board, and said he is looking forward to working with the KREAB board and staff in the continued positive development of the Kentucky real property appraiser credentialing program.

Lender Member

Mr. Jeffery (Jeff) Fultz of Richmond, Kentucky was appointed to a three year term to replace lender board member Sam Blackburn whose six year term expired in November 2014. Mr. Fultz, whose term will end November 12, 2017, is the Madison County Market President of Central Bank & Trust, Richmond, Kentucky. He is a graduate of Morehead State University, where he played basketball for the Eagles. Mr. Fultz has held a number of lending positions throughout his career. In addition to his employment duties, Mr. Fultz, who lives in Richmond, Kentucky, is involved in serving charities and boards within Madison County. Mr. Fultz said that he looks forward to working with the board and staff of the KREAB to represent not only the lending profession, but strive to include assistance for all parties having business before the board, including consumers, appraisers, lenders, and AMCs.



Angie Thomas, Staff
Assistant, swearing in
from left, Jeff Fultz
(Lender Member)
and Dann Cann
(Appraiser Member).

Also pictured on far
right, Ryan Holloran,
Attorney General's
Office.



KENTUCKY REAL ESTATE APPRAISERS BOARD

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BOARD MEMBERS

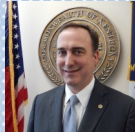
**HAROLD G. BRANTLEY -
CHAIRPERSON**

Appraiser Member
Bowling Green
Term - 11/19/2015



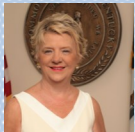
**THOMAS OLIVER -
VICE-CHAIRPERSON**

Lender Member
Glasgow
Term - 11/19/2016



**KATHY MAYFIELD -
CONSUMER MEMBER**

Winchester
Term - 11/19/2016



**DANN CANN -
APPRAISER MEMBER**

Leitchfield
Term - 11/12/2017



**JEFF FULTZ -
LENDER MEMBER**

Richmond
Term - 11/12/2017



STAFF MEMBERS

Larry Disney, Executive Director
Tom Veit, Executive Assistant
Angie Thomas, Staff Assistant
Kim Mathias, Executive Secretary
Brian T. Judy, Legal Counsel

FEE SURVEY

By: Larry Disney,
Executive Director



The Kentucky Real Estate Appraisers Board accepted a request for proposal to complete a fee survey to determine the "customary and reasonable" (C&R) residential appraisal fees for 1-4 unit residential appraisal assignments within each of the one-hundred twenty Kentucky counties.

The survey results will be published in a report that AMC's can use as a guide to C&R fees in Kentucky, if they so desire. It will also provide a convenient way for AMC's to ensure that they are in compliance with Dodd-Frank requirements for AMC's to pay C&R fees.

The sole purpose of the study is to determine what "normal" residential appraisal fees are without any influence of AMC pay rates, because the Dodd-Frank regulations stipulate that only non-AMC fees are to be used in developing the C&R guidelines.

It is requested that the Kentucky appraisers and lenders please respond to the survey. If you have responded, thank you for taking the time to do so. If you have not completed the survey, please do so as soon as is convenient. The following link can be used to access the survey:

<http://kyappraisers.questionpro.com>

You will need to enter the following password: appraisers2014

Since the survey opened, the following issues have frequently been presented to the board:

First: While the survey will only collect non-AMC fee data, per the specifications in the Dodd-Frank legislation, it is important that **ALL** residential appraisers respond to the initial questions of the survey in order to demonstrate adequate participation and response rates.

Even if you did all AMC appraisals in 2014, please respond to the first six questions of the survey regarding your certification, position, experience, etc.



BOARD ELECTS OFFICERS

During the board meeting on January 23, 2015, Harold Brantley, one of two Appraiser members on the board was elected Chair for 2014-2015. Mr. Brantley, a Kentucky Certified General Real Property Appraiser, was first appointed to the board in November 2009 and is serving his second term on the board.

Mr. Tom Oliver, one of two Lender members on the board was elected Vice-Chair for 2014-2015. Mr. Oliver, is employed with Southcentral Bancshares of Glasgow, Kentucky. He was first appointed to the board in October 2013 and is serving his first term on the board.



Mr. Tom Oliver, Vice-Chair

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The sixth question of the survey asks the percentage of your 2014 appraisals done for non-AMC clients. If you indicate 0% (i.e., all AMC appraisals), the survey will skip the fee questions and take you to the end where you can input your email address if you would like a file of the results.

Second: The survey only collects fee information for residential appraisal fees, again per the directives of the Dodd-Frank legislation. However, even if you only did commercial appraisals in 2014, if you are licensed/certified to do residential appraisals in Kentucky please complete the first five questions of the survey and then skip to the end.

This will help to show adequate representation and generate accurate statistics for all licensed/certified residential appraisers.

Third: The board staff has been asked “what will the data be used for, and will the identification of the individual respondents be published?”

The information collected will be used to prepare the fee study report. That information will not be used by the Kentucky Real Estate Appraisers Board for complaints of failure to pay customary and reasonable fees. Instead, if an allegation of failure on the part of an AMC to pay customary and reasonable fees is submitted to the board office, that allegation, along with the fee study will be submitted to any agency or group given that authority to address the matter, including the office of Kentucky Attorney General.

The ***individual*** identification of any real property appraiser or lender that answers the survey will not be shared with anyone. The information will be collected for each of the four assignment types, by each respondent and each county of which the appraisal assignment is completed, and that information will be compiled within the document referred to as the Kentucky Customary and Reasonable Residential Appraisal Fee Survey.

Disciplinary Action

October 1 - December 31, 2014

Appraiser Cases Dismissed :

13-15 13-62 (Appraiser #2) 14-09 14-20 14-23 14-24
14-26 14-27 14-31 14-32

AMC Cases Dismissed:

14-02 AMC 14-04 AMC 14-06 AMC 14-07 AMC

AMC Cases Dismissed With Letter of Warning:

13-02 AMC 14-01 AMC

Agreed Orders:

Case No.: 13-62 (Appraiser #1)

Violation Level: I

USPAP Violations: SR 1-4(b)(i), SR 1-6(b), SR 2-1(a)(b), SR 2-2(b)(viii) (ix)

Violation Summary: URAR Form Single Family: Appraiser did not state and/or summarize that the sales used were distressed. Highest and Best Use was not analyzed. The estimated land value did not have support for value opinion. Reconciliation did not reconcile all three approaches to value.

Agreed Order: Appraiser shall complete a 15 hour Residential Sales Comparison Course and a 15 hour Uniform Standards of Professional Appraisal Practice Course with successful completion of the examinations. Said 30 hours of education shall be in addition to the regular continuing education requirement of 201 KAR 30:050, § 7. The course work required shall be completed by June 15, 2015.

Appraiser agrees that the Board shall not renew his/her certification for the 2015 renewal cycle July 1, 2015 until s/he has completed the requirements of the terms set in agreed order.

Case No.: 14-15

Violation Level: I

USPAP Violations: 201 KAR 30:070, RECORD KEEPING RULE, SR 2-1 (a)(b), SR 2-2, SR 2-2(b)(v)

Violation Summary: Narrative Form Vacant Land: Sworn Answer to grievance was not received by the board within the allowed time. The workfile did not contain a copy of the report in its entirety. Appraisal report stated both "Restricted Report and Summary Report." Acreage was not correctly stated. Appraisal report did not contain a definition of market value, and cite the source.

Agreed Order: Appraiser shall be fined the sum of \$1000.00 with total amount to be paid prior to returning to active status.

Investigator Report

Currently the total number of appraiser complaints submitted in 2014 was 43. The grievant sources for submitting the most complaints are the home owner and real estate sales professional. All appraiser cases filed in 2014 should be investigated within the next three months.

The total number of AMC complaints submitted in 2014 was 14. The primary complaint against Appraisal Management Companies is non-payment within 45 days. All AMC cases filed in 2014 will be investigated within the next two months.

201 KAR 30:375: Section 1. (1) A registrant shall make payment to an engaged appraiser for the completion of an appraisal within forty-five (45) days after the date on which the appraisal is transmitted or otherwise completed.

The BOARD has seen an increase in 2014 complaints concerning certified residential appraisers appraising farm properties (primarily agricultural use). Certified residential appraisers may perform residential appraisals of one (1) to four (4) units, vacant or improved (primarily residential use). Specifically, **201 KAR 30:030** Section 2(2) states, "A certified residential real property appraiser may perform residential appraisals of one (1) to four (4) units.

Therefore, questions that need to be answered before performing an appraisal are:

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Investigator Report

By: Tom Veit,
Executive Assistant



Upcoming Seminars...

The Kentucky Real Estate Appraisers Board will sponsor a 7 hour continuing education course that will be held in Louisville, Tuesday, March 31st and Lexington, Friday, April 24th. The course will focus on ASB Changes Proposed for USPAP, AQB Criteria Changes, APB Hot topic issues and concerns, Fannie Mae Requirements and report deficiencies, and KREAB regulation of Appraisers and AMC's. The KREAB has invited members from ASB, AQB, APB and Fannie Mae to present at the seminars.

The above seminar will be recognized for 7 hours of continuing education. However, the KREAB will not request approval from other state appraiser regulatory agencies or other KY licensing agencies. Each attendee will be responsible for seeking approval of entities outside the KREAB.

Register ON-LINE at www.kreab.ky.gov or download the Seminar Registration form and mail form and payment to KREAB | 135 W. Irvine St., Suite 301 | Richmond, KY 40475

REGISTER EARLY, SEATING IS LIMITED!! Lunch will be provided by the Board.

REGISTER NOW!!

Supervisor/Trainee Associate Course

If you are an Associate Appraiser OR Supervisor who has **NOT** taken the Supervisor/Trainee Associate Course - **THIS COURSE IS REQUIRED**. The course is being offered on Friday, February 20th at Indiana Wesleyan in Lexington, KY. Seating is limited so register early. Go to www.kreab.ky.gov, to download the registration form.

The KREAB office must have the following at all times:

CURRENT

Mailing address, E-Mail address
and **Telephone number** per
KRS Chapter 324A (3).

**Beginning
March 1, 2014**

FBI Criminal Background Checks

will be required for all initial
applicants for Kentucky Real
Property appraisal credentials
per KRS 324A 0.100.



Angie Thomas
Staff Assistant

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Things

You Need To Know...



Kim Mathias
Executive Secretary

Important Dates

Thursday & Friday, January 1-2nd, 2015	KREAB Office will be closed in observance of New Year's Eve
Monday, January 19, 2015	KREAB office will be closed in observance of Martin Luther King, Jr.'s birthday
Friday, January 23, 2015	Board Meeting - KREAB office 9:00 A.M.
Friday, February 20, 2015	KREAB office will be closed. KREAB Supervisor/Associate Training Course in Lexington. Go to www.kreab.ky.gov to register for this course.
Friday, February 27, 2015	Board Meeting - KREAB office 9:00 A.M.
Friday, March 27, 2015	Board Meeting - KREAB office 9:00 A.M.
Tuesday, March 31, 2015	KREAB office will be closed. KREAB Seminar in Louisville. Go to www.kreab.ky.gov to register for this seminar.
Friday, April 3, 2015	KREAB office will be closed 1/2 day in observance of Good Friday
Thursday, April 23, 2015	Board Meeting - Embassy Suites 1801 Newtown Pike Lexington, KY 1:00 P.M.
Friday, April 24, 2015	KREAB office will be closed. KREAB Seminar in Lexington. Go to www.kreab.ky.gov to register for this seminar.
Friday, May 22, 2015	Board Meeting - KREAB office 9:00 A.M.
Monday, May 25, 2015	KREAB office will be closed in observance of Memorial Day
Friday, June 26, 2015	Board Meeting - KREAB office 9:00 A.M.
Friday, July 3, 2015	KREAB office will be closed in observance of Independence Day
Friday, July 24, 2015	Board Meeting - KREAB office 9:00 A.M.
Friday, August 28, 2015	Board Meeting - KREAB office 9:00 A.M.
Monday, September 7, 2015	KREAB office will be closed in observance of Labor Day
Friday, September 25, 2015	Board Meeting - KREAB office 9:00 A.M.
Friday, October 23, 2015	Board Meeting - KREAB office 9:00 A.M.
Wednesday, November 11, 2015	KREAB office will be closed in observance of Veteran's Day
*Thursday, November 19, 2015	Special Board Meeting - KREAB office 9:00 A.M.
Thursday & Friday, November 26-27, 2015	KREAB office will be closed in observance of Thanksgiving
*Friday, December 18, 2015	Special Board Meeting - KREAB office 9:00 A.M.
Thursday & Friday, December 24-25, 2015	KREAB office will be closed in observance of Christmas

Dates and Locations of Board meetings are subject to change

Investigator Report

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- 1) Highest and Best Use
- 2) Conducive for Zoning
- 3) Can the land be subdivided into more than 4 units?
- 4) Are there extensive crops and/or livestock?
- 5) Is the property residential in nature, or agriculture in nature?

If you hold a certified residential license and need additional information please call the BOARD office.

Standards Rule 2-2(a) (viii) states in part, "Summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analysis, opinions, and conclusions."

The number one USPAP deficiency in 2014 was the lack of summarization in order to comply with the standards Rule. Remember that when completing appraisal forms it is the appraiser that makes the form reports USPAP compliant and not the form or an organization stating the form is compliant.



2015 AQB Criteria

201 KAR 30:190

Beginning January 1, 2015, anyone shown to have not completed *all* criteria components of appraisal education courses, the experience requirements, and successfully complete the national appraisal examination for a Kentucky real property appraisal credential, shall be required to have acquired a bachelor's degree or higher from an accredited college or university. The opportunity to receive a credential using the in lieu of college courses option ended on December 31, 2014.

201 KAR 30:030

The Kentucky Real Estate Appraisers Board has required Supervisory Appraisers and Associate Appraisers to complete a mandatory board approved and instructed Supervisory/Associate course for a number of years. Also, prior to January 1, 2015 the board would permit a six month grace period for the completion of this course, and the board staff was the only offering provider.

However, as of January 1, 2015 each Kentucky certified real property appraiser who wishes to become a first time Supervisory Appraiser and each person who receives a Kentucky Associate Real Property Appraiser credential must complete a board approved Supervisory/Associate course prior to beginning Supervisory responsibilities or the Associate Appraiser beginning to log credible appraisal experience hours.

The above requirement is contained within the following language within the administrative regulation 201 KAR 30:190. The language complies with the 2015 AQB criteria.

"(5)(a) A first time supervisor and a new associate shall attend the board-approved course in supervision practices prior to beginning supervision or training."

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This requires that if you are a first time Supervisor or Associate and you apply to the board to become a Supervisory Appraiser or an Associate Appraiser, ***you must complete*** the mandatory class prior to beginning supervision or training. There is no longer a grace period

The following is a second part of section 5:

“(b) To be eligible to provide supervision, a supervisor shall attend the board-approved course in supervision practices every three (3) years.”

The above Section (5) (b) applies ***only*** to Supervisory Appraisers; therefore, if you are currently a Kentucky certified appraiser who is now supervising appraisers or plan to do so in the future, and if you have not completed the Supervisory/Associate Appraiser course within the past 3 years, as of January 1, 2015 you will be required to complete the course as-soon-as-possible. You will receive a notice from the board advising you of this requirement. ***The three year requirement does not apply to Associate Appraisers who are expected to complete the course one time while training and prior to receiving a credential.***

How and when will the mandatory course be offered?

Beginning January 1, 2015 a number of education providers, including professional appraisal organizations, have advertised and are now offering a Supervisory Appraiser/Associate course that includes a variety of completion times, from 3 hours upward. However, as of this date, none of the courses that have been submitted to the board for approval include the Kentucky laws and regulations; therefore, completion of these courses will be credited for Continuing Education credit, but if the courses do not contain the Kentucky requirement for completion of the mandatory Supervisory Appraiser/Associate course, ***they will not*** be considered as having complied with the above 201 KAR 30:030.

The next offering of the KREAB developed course, which includes both the AQB national minimum requirements and the Kentucky added requirements, will be in Lexington, Kentucky at Indiana-Wesleyan University, 2530 Sir Barton Way, Suite 200, Lexington, KY 40509 on February 20, 2015.

Individuals who need to complete the Kentucky class prior to beginning Supervisory or Training responsibilities or those Supervisory Appraisers who have not completed the course within the past three (3) years can download the registration form on-line at www.kreab.ky.gov. Mail completed form and payment to the KREAB office.

The board staff is working with the course providers, both nationally and within Kentucky, and the professional organizations to make the Kentucky requirements portion of the course available for those groups to teach as a part of their existing national module. When the courses are updated and become available from the providers, notices will be mailed to each Kentucky appraiser applicant and each existing appraiser.

It is the goal of the Kentucky Real Estate Appraisers Board to make sure that a sufficient number of course offerings are provided each year to provide Kentucky credentialed appraisers and applicants to meet the above 201 KAR 30:030 administrative regulation within a reasonable time period.



Robert L. Edwards

*Certified General Appraiser
Stanford, KY*

Layton Hudson

*Certified Residential Appraiser
Murray, KY*

Donald W. Pierce

*Certified General Appraiser
Glendale, KY*